

Message Text

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PAGE 01 SINGAP 03057 201025Z
ACTION OPIC-06

INFO OCT-01 EA-07 ISO-00 EB-07 L-03 /024 W
-----126876 201212Z /44

R 200948Z JUL 77
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 8134

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E.O. 11652: N/A
TAGS: EINV, SN, US
SUBJ: OPIC INSURANCE COVERAGE OF SINGAPORE

REF: A. SINGAPORE 2991; B. SINGAPORE 2978; C. SINGAPORE 3052

1. I AM FORWARDING BY SEPARATE CABLE A LETTER FROM GOS FINANCE MINISTER HON SUI SEN EXPRESSING HIS SERIOUS CONCERN OVER THE POSSIBILITY THAT OPIC MAY EXCLUDE SINGAPORE FROM COUNTRIES ELIGIBLE FOR ITS INVESTMENT INSURANCE COVERAGE. WITHOUT REPEATING COGENT POINTS MADE BY HON IN HIS LETTER, I WISH STRONGLY TO ENDORSE HIS REQUEST THAT ANY DECISION ON OPIC COVERAGE BE DEFERRED AT LEAST UNTIL AFTER THE SEPTEMBER U.S.-ASEAN CONSUL-TATIONS.

2. THE IMPORTANCE OF FOREIGN INVESTMENT TO THE GROWTH OF SINGAPORE'S ECONOMY CANNOT BE OVEREMPHASIZED. SINGAPORE DEPENDS HEAVILY ON ITS INDUSTRIAL SECTOR AND, TO RETAIN ITS UNIQUE ECONOMIC ROLE IN SOUTHEAST ASIA, MUST BE IN THE FOREFRONT OF ECONOMIC DEVELOPMENT IN THE REGION. IT HAS NO HINTERLAND, NO SIGNIFICANT AGRICULTURAL PRODUCTION AND NO INDIGENOUS COMMODITY EXPORTS TO FALL BACK ON. FULLY AWARE OF ITS NEED FOR FOREIGN INVESTMENT AND THE TECHNOLOGY THAT COMES WITH IT, THE GOS HAS DONE ITS BEST TO ATTRACT SUCH INVESTMENT, AS WITNESS THE SIZEABLE NUMBER OF AMERICAN COMPANIES ALREADY HERE. THE GOS REASONABLY FEARS THAT ANY WITHDRAWAL OF INVESTMENT INCENTIVES BY US COULD

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ENCOURAGE SIMILAR ACTION BY OTHER COUNTRIES AND INTERNATIONAL DEVELOPMENT INSTITUTIONS.

3. MINISTER HON TOLD ME PERSONALLY THAT IT WOULD BE ESPECIALLY UNFORTUNATE IF SINGAPORE WERE SINGLED OUT AMONG THE ASEAN COUNTRIES FOR LESS FAVORABLE TREATMENT IN OUR POLICY TOWARD INVESTMENT IN THE REGION. I BELIEVE THAT ANY SUCH SINGLING OUT

WOULD BE NOT ONLY MISTAKEN IF BASED ON THE ASSUMPTION THAT SINGAPORE NO LONGER NEEDS SUCH ASSISTANCE, BUT THAT ANY ACTION TAKEN NOW WOULD BE MOST INAPPROPRIATELY TIMED. THE DEPARTMENT IS AWARE THAT U.S. INVESTMENT INCENTIVES ARE ON THE AGENDA FOR THE SEPTEMBER U.S.-ASEAN CONSULTATIONS AND I CAN ONLY ASSUME THAT THIS MATTER, IF UNRESOLVED OR IF SINGAPORE IS REMOVED FROM OPIC'S ELIGIBILITY LIST, WOULD BE A SERIOUS IRRITANT TO THE KIND OF CONSULTATIONS WE HOPE TO HAVE. THIS IS A BREAD AND BUTTER ISSUE FOR SINGAPORE AND ONE WHICH CANNOT FAIL TO INFLUENCE ITS APPRECIATION OF THE U.S. ATTITUDE TOWARD ASEAN AND SINGAPORE.

4. I SHOULD ALSO POINT OUT THAT DISCONTINUANCE OF OPIC INVESTMENT INSURANCE IS CONTRARY AT LEAST TO THE SPIRIT OF THE SECRETARY'S ASIA SOCIETY SPEECH, IN WHICH HE STATED SPECIFICALLY THAT "THE UNITED STATES WILL PURSUE MUTUAL EXPANSION OF TRADE AND INVESTMENT ACROSS THE PACIFIC", AND THAT "WE WILL MAINTAIN CLOSE BILATERAL RELATIONS WITH EACH ASEAN COUNTRY".

5. IN SHORT, I BELIEVE THAT THE DEPARTMENT AND OPIC, IF CONSIDERATION IS INDEED BEING GIVEN TO DISCONTINUANCE OF OPIC COVERAGE FOR SINGAPORE, SHOULD CAREFULLY EXAMINE THE UNIQUE CHARACTERISTICS OF SINGAPORE'S ECONOMY AND ITS SPECIAL FOREIGN INVESTMENT REQUIREMENTS. THE GOS CLEARLY CONSIDERS THE AVAILABILITY OF OPIC COVERAGE AN IMPORTANT ASSET IN ITS INVESTMENT CLIMATE. UNLESS THERE ARE VERY GOOD REASONS FOR WITHDRAWAL OF THIS COVERAGE (I AM UNAWARE OF ANY), I STRONGLY RECOMMEND LIMITED OFFICIAL USE

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THAT IT BE RETAINED. HOLDRIDGE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, INVESTMENTS, PUBLIC CORRESPONDENCE
Control Number: n/a
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Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770738/aaaabgfq.tel
Line Count: 95
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5d180467-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 SINGAPORE 2991, 77 SINGAPORE 2978, 77 SINGAPORE 3052
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1802825
Secure: OPEN
Status: NATIVE
Subject: OPIC INSURANCE COVERAGE OF SINGAPORE
TAGS: EINV, SN, US, OPIC
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/5d180467-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009